

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION

5

6 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING THE SCHOOL DISTRICT TRANSPORTATION
7 FUND, ADULT EDUCATION FUND, BUS DEPRECIATION FUND, AND NONOPERATING FUND FROM
8 PROPERTY TAX MILL LEVY LIMITATIONS; AUTHORIZING THE TRUSTEES OF AN ELEMENTARY OR HIGH
9 SCHOOL DISTRICT, OTHER THAN A COUNTY HIGH SCHOOL DISTRICT, TO LEVY NOT MORE THAN 1.1
10 MILLS FOR THE ADULT EDUCATION FUND; AUTHORIZING THE TRUSTEES OF A K-12 SCHOOL
11 DISTRICT TO LEVY NOT MORE THAN 3.1 MILLS FOR THE ADULT EDUCATION FUND; AMENDING
12 SECTIONS 15-10-420, 20-3-205, 20-3-324, 20-7-705, 20-9-131, 20-9-142, 20-9-151, 20-9-152,
13 20-9-168, 20-9-404, AND 20-10-147, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND
14 AN APPLICABILITY DATE."

15

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17

18 **Section 1.** Section 15-10-420, MCA, is amended to read:

19 **"15-10-420. Procedure for calculating levy.** (1) A governmental entity that is authorized to impose
20 mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the
21 prior year, even if that levy is greater than the levy established by law. The maximum number of mills that
22 a governmental entity may impose is established by calculating the number of mills required to generate
23 the amount of property tax actually assessed in the governmental unit in the prior year based on the
24 current year taxable value, less the value of newly taxable property.

25 (2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any
26 additional levies authorized by the voters to all property in the governmental unit, including newly taxable
27 property.

28 (3) For purposes of this section, newly taxable property includes:

29 (a) annexation of real property and improvements into a taxing unit;

30 (b) construction, expansion, or remodeling of improvements;

- (c) transfer of property into a taxing unit;
- (d) subdivision of real property;
- (e) reclassification of property;
- (f) transfer of property from tax-exempt to taxable status; and
- (g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

(4) ~~Subsection~~ Subject to subsection (7), subsection (1) does not apply to school district general fund levies and the school district levy for tuition obligations established in 20-5-324(5) Title 20.

(5) For purposes of subsection (1), taxes imposed:

(a) include registration fees imposed on light vehicles under 61-3-561 and distributed under 61-3-509(2); and

(b) do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(6) In determining the maximum number of mills in subsection (1), the governmental entity shall take into account any change from the prior year in the amount of statutory reimbursements for changes in the property tax laws. The amount of motor vehicle disposition under 61-3-509(2), as that section read on December 31, 2000, is an increased statutory reimbursement. It may increase the number of mills to account for a decrease in reimbursements and shall decrease the number of mills to fully account for any increase in reimbursements.

(7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections.

(8) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit."

Section 2. Section 20-3-205, MCA, is amended to read:

"20-3-205. Powers and duties. The county superintendent has general supervision of the schools of the county within the limitations prescribed by this title and shall perform the following duties or acts:

(1) determine, establish, and reestablish trustee nominating districts in accordance with the provisions of 20-3-352, 20-3-353, and 20-3-354;

(2) administer and file the oaths of members of the boards of trustees of the districts in the county

- 1 in accordance with the provisions of 20-3-307;
- 2 (3) register the teacher or specialist certificates or emergency authorization of employment of any
3 person employed in the county as a teacher, specialist, principal, or district superintendent in accordance
4 with the provisions of 20-4-202;
- 5 (4) act on each tuition and transportation obligation submitted in accordance with the provisions
6 of 20-5-323 and 20-5-324;
- 7 (5) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;
- 8 (6) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;
- 9 (7) keep a transcript and reconcile the district boundaries of the county in accordance with the
10 provisions of 20-6-103;
- 11 (8) fulfill all responsibilities assigned under the provisions of this title regulating the organization,
12 alteration, or abandonment of districts;
- 13 (9) act on any unification proposition and, if approved, establish additional trustee nominating
14 districts in accordance with 20-6-312 and 20-6-313;
- 15 (10) estimate the average number belonging (ANB) of an opening school in accordance with the
16 provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;
- 17 (11) process and, when required, act on school isolation applications in accordance with the
18 provisions of 20-9-302;
- 19 (12) complete the budgets, compute the budgeted revenue and tax levies, file final budgets and
20 budget amendments, and fulfill other responsibilities assigned under the provisions of this title regulating
21 school budgeting systems;
- 22 (13) submit an annual financial report to the superintendent of public instruction in accordance with
23 the provisions of 20-9-211;
- 24 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state
25 money, county school money, and any other school money subject to apportionment in accordance with
26 the provisions of 20-9-212, 20-9-335, 20-9-347, 20-10-145, or 20-10-146;
- 27 (15) act on any request to transfer average number belonging (ANB) in accordance with the
28 provisions of 20-9-313(3);
- 29 (16) calculate the estimated budgeted general fund sources of revenue in accordance with the
30 general fund revenue provisions of the general fund part of this title;

1 (17) compute the revenue and, ~~subject to 15-10-420,~~ compute the district and county levy
2 requirements for each fund included in each district's final budget and report the computations to the board
3 of county commissioners in accordance with the provisions of the general fund, transportation, bonds, and
4 other school funds parts of this title;

5 (18) file and forward bus driver certifications, transportation contracts, and state transportation
6 reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

7 (19) for districts that do not employ a district superintendent or principal, recommend library book
8 and textbook selections in accordance with the provisions of 20-7-204 or 20-7-602;

9 (20) notify the superintendent of public instruction of a textbook dealer's activities when required
10 under the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;

11 (21) act on district requests to allocate federal money for indigent children for school food services
12 in accordance with the provisions of 20-10-205;

13 (22) perform any other duty prescribed from time to time by this title, any other act of the
14 legislature, the policies of the board of public education, the policies of the board of regents relating to
15 community college districts, or the rules of the superintendent of public instruction;

16 (23) administer the oath of office to trustees without the receipt of pay for administering the oath;

17 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the
18 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents
19 applicable to the administration of the office, and surrender all records, books, supplies, and equipment
20 to the next superintendent;

21 (25) within 90 days after the close of the school fiscal year, publish an annual report in the county
22 newspaper stating the following financial information for the school fiscal year just ended for each district
23 of the county:

24 (a) the total of the cash balances of all funds maintained by the district at the beginning of the
25 year;

26 (b) the total receipts that were realized in each fund maintained by the district;

27 (c) the total expenditures that were made from each fund maintained by the district; and

28 (d) the total of the cash balances of all funds maintained by the district at the end of the school
29 fiscal year; and

30 (26) hold meetings for the members of the trustees from time to time at which matters for the

1 good of the districts must be discussed."

2

3 **Section 3.** Section 20-3-324, MCA, is amended to read:

4 **"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district
5 shall:

6 (1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the
7 district superintendent, the county high school principal, or other principal as the board considers
8 necessary, accepting or rejecting any recommendation as the trustees in their sole discretion determine,
9 in accordance with the provisions of Title 20, chapter 4;

10 (2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians,
11 maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel
12 considered necessary to carry out the various services of the district;

13 (3) administer the attendance and tuition provisions and govern the pupils of the district in
14 accordance with the provisions of the pupils chapter of this title;

15 (4) call, conduct, and certify the elections of the district in accordance with the provisions of the
16 school elections chapter of this title;

17 (5) participate in the teachers' retirement system of the state of Montana in accordance with the
18 provisions of the teachers' retirement system chapter of Title 19;

19 (6) participate in district boundary change actions in accordance with the provisions of the districts
20 chapter of this title;

21 (7) organize, open, close, or acquire isolation status for the schools of the district in accordance
22 with the provisions of the school organization part of this title;

23 (8) adopt and administer the annual budget or a budget amendment of the district in accordance
24 with the provisions of the school budget system part of this title;

25 (9) conduct the fiscal business of the district in accordance with the provisions of the school
26 financial administration part of this title;

27 (10) ~~subject to 15-10-420,~~ establish the ANB, BASE budget levy, over-BASE budget levy,
28 additional levy, operating reserve, and state impact aid amounts for the general fund of the district in
29 accordance with the provisions of the general fund part of this title;

30 (11) establish, maintain, budget, and finance the transportation program of the district in

1 accordance with the provisions of the transportation parts of this title;

2 (12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the
3 provisions of the bonds parts of this title;

4 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement
5 fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,
6 miscellaneous programs fund, building fund, lease or rental agreement fund, traffic education fund, impact
7 aid fund, interlocal cooperative agreement fund, and other funds as authorized by the state superintendent
8 of public instruction in accordance with the provisions of the other school funds parts of this title;

9 (14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises
10 in accordance with the provisions of the miscellaneous financial parts of this title;

11 (15) hold in trust, acquire, and dispose of the real and personal property of the district in
12 accordance with the provisions of the school sites and facilities part of this title;

13 (16) operate the schools of the district in accordance with the provisions of the school calendar
14 part of this title;

15 (17) establish and maintain the instructional services of the schools of the district in accordance
16 with the provisions of the instructional services, textbooks, vocational education, and special education
17 parts of this title;

18 (18) establish and maintain the school food services of the district in accordance with the
19 provisions of the school food services parts of this title;

20 (19) make reports from time to time as the county superintendent, superintendent of public
21 instruction, and board of public education may require;

22 (20) retain, when considered advisable, a physician or registered nurse to inspect the sanitary
23 conditions of the school or the general health conditions of each pupil and, upon request, make available
24 to any parent or guardian any medical reports or health records maintained by the district pertaining to the
25 child;

26 (21) for each member of the trustees, visit each school of the district not less than once each
27 school fiscal year to examine its management, conditions, and needs, except trustees from a first-class
28 school district may share the responsibility for visiting each school in the district;

29 (22) procure and display outside daily in suitable weather on school days at each school of the
30 district an American flag that measures not less than 4 feet by 6 feet;

(23) provide that an American flag that measures approximately 12 inches by 18 inches be prominently displayed in each classroom in each school of the district, except in a classroom in which the flag may get soiled. This requirement is waived if the flags are not provided by a local civic group.

(24) adopt and administer a district policy on assessment for placement of any child who enrolls in a school of the district from a nonpublic school that is not accredited, as required in 20-5-110;

(25) upon request and in compliance with confidentiality requirements of state and federal law, disclose to interested parties school district student assessment data for any test required by the board of public education; and

(26) perform any other duty and enforce any other requirements for the government of the schools prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public instruction."

Section 4. Section 20-7-705, MCA, is amended to read:

"20-7-705. Adult education fund. (1) A separate adult education fund must be established when an adult education program is operated by a district or community college district. The financial administration of the fund must comply with the budgeting, financing, and expenditure provisions of the laws governing the schools.

(2) Whenever the trustees of a district establish an adult education program under the provisions of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult education fund is the depository for all district money received by the district in support of the adult education program. Federal and state adult education program money must be deposited in the miscellaneous programs fund.

(3) ~~Subject to 15-10-420, the~~ The trustees of a district may authorize the levy of a tax of not more than ~~4 mill~~ 1.1 mills on the district, except that trustees of a county high school district may, whether or not the county high school district is unified with an elementary district under the provisions of 20-6-312, authorize a levy of not more than 2 mills on the district and a K-12 school district formed under the provisions of 20-6-701 may authorize a levy of not more than ~~3~~ 3.1 mills on the district, for the operation of an adult education program.

(4) Whenever the trustees of a district decide to offer an adult education program during the ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the

1 final budget. Any expenditures in support of the adult education program under the final adult education
2 budget must be made in accordance with the financial administration provisions of this title for a budgeted
3 fund.

4 (5) When a tax levy for an adult education program is included as a revenue item on the final adult
5 education budget, the county superintendent shall report the levy requirement to the county commissioners
6 on the fourth Monday of August and a levy on the district must be made by the county commissioners in
7 accordance with 20-9-142."

8
9 **Section 5.** Section 20-9-131, MCA, is amended to read:

10 **"20-9-131. Final budget meeting.** (1) On the second Monday in August, at the time and place
11 noticed pursuant to 20-9-115, the trustees of each district shall meet to consider all budget information
12 and any attachments required by law.

13 (2) The trustees may continue the meeting from day to day but shall adopt the final budget for
14 the district and, ~~subject to 15-10-420,~~ determine the amounts to be raised by tax levies for the district
15 not later than the fourth Monday in August and before the fixing of the tax levies for each district. Any
16 taxpayer in the district may attend any portion of the trustees' meeting and be heard on the budget of the
17 district or on any item or amount contained in the budget."

18
19 **Section 6.** Section 20-9-142, MCA, is amended to read:

20 **"20-9-142. Fixing and levying taxes by board of county commissioners.** On the fourth Monday
21 in August, the county superintendent shall place before the board of county commissioners the final
22 adopted budget of the district. ~~Subject to 15-10-420, it~~ It is the duty of the board of county
23 commissioners to fix and levy on all the taxable value of all the real and personal property within the
24 district all district and county taxation required to finance, within the limitations provided by law, the final
25 budget."

26
27 **Section 7.** Section 20-9-151, MCA, is amended to read:

28 **"20-9-151. Budgeting procedure for joint districts.** (1) The trustees of a joint district shall adopt
29 a budget according to the school budgeting laws and send a copy of the budget to the county
30 superintendent of each county in which a part of the joint district is located. After approval by the trustees

1 of the joint district the final budgets of joint districts must be filed in the office of the county
2 superintendent of each county in which a part of a joint district is located.

3 (2) The county superintendents receiving the budget of a joint district shall jointly compute the
4 estimated budget revenue and determine the number of mills that need to be levied in the joint district for
5 each fund for which a levy is to be made. The superintendent of public instruction shall establish a
6 communication procedure to facilitate the joint estimation of revenue and determination of the tax levies.

7 (3) After determining, in accordance with law and subject to ~~15-10-420~~, the number of mills that
8 need to be levied for each fund included on the final budget of the joint district, a joint statement of the
9 required mill levies must be prepared and signed by the county superintendents involved in the
10 computation. A copy of the statement must be delivered to the board of county commissioners of each
11 county in which a part of the joint district is located not later than the Friday immediately preceding the
12 second Monday in August."

13

14 **Section 8.** Section 20-9-152, MCA, is amended to read:

15 **"20-9-152. Fixing and levying taxes for joint districts.** (1) At the time of fixing levies for county
16 and school purposes on the second Monday in August, the board of county commissioners of each county
17 in which a part of a joint district is located shall, ~~subject to 15-10-420~~, fix and levy taxes on that portion
18 of the joint district located in each board's county at the number of mills for each levy recommended by
19 the joint statement of the county superintendents.

20 (2) The board of county commissioners shall include in the amounts to be raised by the county
21 levies for schools all the amounts required for the final budget of each part of a joint district located in the
22 county, in accordance with the recommendations of the county superintendent."

23

24 **Section 9.** Section 20-9-168, MCA, is amended to read:

25 **"20-9-168. Emergency budget amendment tax levy.** When a budget amendment has been adopted
26 by the board of trustees under 20-9-161(2) and a district does not have sufficient funds, including
27 insurance proceeds and reserves, to finance the budget amendment, the district may, ~~subject to~~
28 ~~15-10-420~~, levy a tax in the ensuing school year to fund the expenditures authorized by the budget
29 amendment. The amount levied may not exceed the unfunded amount of the budget amendment."

30

1 **Section 10.** Section 20-9-404, MCA, is amended to read:

2 **"20-9-404. Contracts and bonds for joint construction.** (1) The trustees of a school district may
3 enter into a contract with the trustees of any school district within the county, with any school district
4 in an adjoining county, with the governing body of another political subdivision within the county in which
5 the school district is located, or with the governing body of a political subdivision of a county adjoining
6 the school district to provide for the joint construction of a facility upon terms and conditions mutually
7 agreed upon between the districts.

8 (2) The trustees of any district executing a contract in accordance with this section may, ~~subject~~
9 ~~to 15-10-420,~~ levy taxes and issue bonds for the purpose of constructing the facilities authorized by this
10 section."

11
12 **Section 11.** Section 20-10-147, MCA, is amended to read:

13 **"20-10-147. Bus depreciation reserve.** (1) The trustees of a district owning a bus or a two-way
14 radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils
15 to and from school functions or activities may establish a bus depreciation reserve fund to be used for the
16 conversion, remodeling, or rebuilding of a bus or for the replacement of a bus or radio. The trustees of a
17 district may also use the bus depreciation reserve fund to purchase an additional bus for purposes of
18 transportation, as defined in 20-10-101.

19 (2) Whenever a bus depreciation reserve fund is established, the trustees may include in the
20 district's budget, in accordance with the school budgeting provisions of this title, an amount each year that
21 does not exceed 20% of the original cost of a bus or a two-way radio. The amount budgeted may not,
22 over time, exceed 150% of the original cost of a bus or two-way radio. The annual revenue requirement
23 for each district's bus depreciation reserve fund, determined within the limitations of this section, must
24 be reported by the county superintendent to the county commissioners on the fourth Monday of August
25 as the bus depreciation reserve fund levy requirement for that district, and ~~subject to 15-10-420,~~ a levy
26 must be made by the county commissioners in accordance with 20-9-142.

27 (3) Any expenditure of bus depreciation reserve fund money must be within the limitations of the
28 district's final bus depreciation reserve fund budget and the school financial administration provisions of
29 this title and may be made only to convert, remodel, or rebuild buses, to replace the buses or radios, or
30 for the purchase of an additional bus as provided in subsection (1), for which the bus depreciation reserve

1 fund was created.

2 (4) Whenever the trustees of a district maintaining a bus depreciation reserve fund sell all of the
3 district's buses and consider it to be in the best interest of the district to transfer any portion or all of the
4 bus depreciation reserve fund balance to any other fund maintained by the district, the trustees shall
5 submit the proposition to the electors of the district. The electors qualified to vote at the election shall
6 qualify under 20-20-301, and the election must be called and conducted in the manner prescribed by this
7 title for school elections. If a majority of those electors voting at the election approve the proposed transfer
8 from the bus depreciation reserve fund, the transfer is approved and the trustees shall immediately order
9 the county treasurer to make the approved transfer."

10

11 NEW SECTION. **Section 12. Effective date.** [This act] is effective on passage and approval.

12

13 NEW SECTION. **Section 13. Applicability.** [This act] applies to school district budgets for the
14 school fiscal year beginning July 1, 2001.

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- END -